

HB 1006

PL 191-2006
IC 21-10-3-4
RECODIFIED AS IC 20-42.5
EFFECTIVE 7/1/07

The law is comprised of 5 sections

- Sections 1 and 2 pertain to transportation of homeless students.
- Section 3 pertains to maximization of the allocation and use of school resources for student instruction and learning
- Section 4 requires development and adoption by the State Board of Education of a plan for improving the financial management, analysis and reporting for school corporations
- Section 5 is the effective date of the law

State Board of Education SECTION 3 - CHAPTER 3 – section 4

- Required to analyze each corporation's expenses for 2004-05 and 2005-06 to determine how much was spent from all sources, directly or indirectly for:
 - **Student Academic Achievement**
 - **Student Instructional Support**
 - **Overhead and Operations**
 - **Non-operation**
- Required to define the type of expenditure included in each category

State Board of Education

- Must submit a report of analysis by June 30, 2007 to State Superintendent, Governor, and General Assembly

OFFICE OF MANAGEMENT AND BUDGET (OMB) SECTION 3, CHAPTER 3, section 5

- BEGINNING WITH THE 2006-07 SCHOOL YEAR USING 2005-06 SCHOOL YEAR AS BASELINE:
 - OMB SHALL ANALYZE AND REPORT TO STATE BOARD, GOVERNOR AND GENERAL ASSEMBLY CONCERNING THE PROGRESS OR LACK OF PROGRESS OF EACH SCHOOL CORPORATION, ALL SCHOOL CORPORATIONS IN EACH EDUCATIONAL SERVICE CENTER'S AREA, AND IN THE STATE AS A WHOLE IN IMPROVING THE RATIO OF STUDENT INSTRUCTIONAL EXPENDITURES TO ALL OTHER EXPENDITURES FOR THE PREVIOUS SCHOOL YEAR.

STATE BOARD OF EDUCATION SECTION 3, CHAPTER 3, section 5

- The State Board of Education is required to recognize each corporation and ESC that has improved its ratio of student instructional expense to all other expense during the preceding school year

ASSISTANCE

- OMB AND DOE SHALL BE AVAILABLE TO CONSULT WITH AND PROVIDE TECHNICAL ASSISTANCE TO EACH SCHOOL CORPORATION THAT DID NOT HAVE AND IMPROVED RATIO DURING THE PREVIOUS SCHOOL YEAR

REPORTING

SECTION 3, CHAPTER 3, section 5

EACH SCHOOL CORPORATION SHALL INCLUDE IN ITS ANNUAL PERFORMANCE REPORT AND TO ITS GENERAL ASSEMBLY MEMBERS:

- THE PERCENT OF RESOURCES SPENT DURING THE PREVIOUS SCHOOL YEAR IN EACH OF THE 4 CATEGORIES OF EXPENSE
- WHETHER IT MET ITS GOALS ESTABLISHED FOR THE PREVIOUS SCHOOL YEAR
- A TREND LINE FOR EACH EXPENDITURE CATEGORY DURING THE PREVIOUS SCHOOL YEAR
- WHETHER IT DID OR DID NOT MAKE PROGRESS IN IMPROVING THE RATIO OF STUDENT INSTRUCTIONAL EXPENDITURES TO ALL OTHER EXPENDITURES DURING THE PREVIOUS YEAR
- THE GOALS ESTABLISHED FOR THE CURRENT SCHOOL YEAR

GOALS

SECTION 3, CHAPTER 3, section 6

- BEGINNING WITH THE 2007-08 SCHOOL YEAR EACH GOVERNING BODY SHALL ESTABLISH GOALS FOR EACH EXPENDITURE CATEGORY UNDER SECTION 3, CHAPTER 3, section 4, THAT WILL INCREASE THE SCHOOL CORPORATION'S ALLOCATION OF TAXPAYER RESOURCES DIRECTLY TO STUDENT INSTRUCTION AND LEARNING
- GOALS SHALL BE IN LIGHT OF THE UNIQUE CIRCUMSTANCES PRESENT IN THE SCHOOL CORPORATION

SECTION 4 – A Plan for improving the financial management, analysis and reporting for school corporations

Not later than August 31, 2006:

- Department of Education shall develop a plan to upgrade the financial management, analysis, and reporting system for school corporations and schools
- The State Board must review and may modify the plan before adopting
- Section Expires 12/31/2009

FIVE Plan Requirements

- Provide for the use of generally accepted accounting principles based on the system of accounting used by school corporations and schools on 6/30/06
- Provide for a unified income and expense statement and balance sheet
- Provide school corporations and schools the ability to track expenditures individually and according to the expenditure categories as added by this act, the program under which the expense was incurred, and the school building where expense was incurred

Plan Requirements (Continued)

- Provide real time or other timely access to expenditures, and across functions, schools and school corporations
- Enable periodic and annual analysis and reporting to the leadership and governing body of the school corporation, the general public, the department, the State Board, Governor, and Indiana General Assembly.

1001 Changes

- Section 294 – The definitions in IC 20 apply to this section. As used in this SECTION “plan” refers to “A Plan to Upgrade the Financial Management, Analysis, and Reporting System for Indiana School Corporations and Schools” published by the department of education on September 13, 2006.

1001 Changes

- Temporarily strikes all plan requirements
- The state board of accounts, the department and state board may not implement that plan or require a school corporation to conform to the plan until after **June 30, 2009**.
- This SECTION expires December 31, 2011.
